MUNICIPAL REFERENCE

JUL 8 1983

1981 Annual Financial Report

of The Regional Municipality of Waterloo

Dup

Members of Regional Council

CHAIRMAN

James E. Gray

CITY OF CAMBRIDGE

Mayor - Claudette Millar
Councillor - Graham Bush*
Councillor - Bob Jeffery
Councillor - Fred Kent
Councillor - Bill Struck

CITY OF KITCHENER

Mayor - Morley Rosenberg
Councillor - Judy Balmer
Councillor - Al Barron
Councillor - Dom Cardillo
Councillor - Will Ferguson
Councillor - Gary Leadston
Councillor - Grace Stoner*
Councillor - Brian Strickland
Councillor - Don Travers*

CITY OF WATERLOO

Mayor - Marjorie Carroll*
Councillor - Mary Jane Mewhinney
Councillor - Glen Wright*

TOWNSHIP OF NORTH DUMFRIES

Mayor - Frank Lisso

TOWNSHIP OF WELLESLEY

Mayor - Albert Erb

TOWNSHIP OF WILMOT

Mayor - Ralph Shantz
Councillor - Louis Hill*

TOWNSHIP OF WOOLWICH

Mayor - Ken Seiling*
Councillor - Jean Hachborn
Councillor - Joe Zinger

*Members of the Finance Committee (D. Travers, Chairman)

Regional Services

Under Direct Control of Regional Council

Regional Road System

Landfill Sites and Pollution Control

Water Supply

Sewage Disposal

Health Services

Welfare

Home for the Aged

Day Care Centres

Regional Planning

Township Libraries

Voluntary Agency Grants

911 Emergency Telephone Network

Emergency Measures

Under Authority of Separate Boards

Police Services

Children in Care

Conservation (Grand River Conservation Authority)

Waterloo-Wellington Airport

Treasurers' Report

I am pleased to present the Financial Report for 1981.

This year, a major change in its format has been made which I hope will make it easier for the reader to understand the Regional portion of local government spending.

The 1981 Consolidated Financial Statements and the Auditors' Report are contained on pages 8 to 19. The two most significant items reflected in the statements are:

(i) That total spending was within the budget, allowing the Region to end the year with a surplus of $514,000. This surplus arose from under-expenditures of $290,000 and increased revenues of $224,000.

(ii) During 1981, the Region made no public debenture offering due to instability in the market. This is reflected by the unfinanced capital outlay of $2,487,587 on the Capital Operations Statement on page 11.

For further comment on the 1981 financial activity, your attention is drawn to the Notes to the Financial Statements.

Pages 4 to 7 deals with the Financial Review of the past five years. This section of the report provides a great deal of important information reflecting the results of financial policies adopted by past and present Councils.

Three indicators are worthy of note. First, the general debt and annual debt payment per capita, shown on page 5, have decreased to approximately two-thirds of what they were in 1977 - at the 1981 year-end, the debt per capita was only $27.29. Second, during the last five years, there has been very little fluctuation of total expenditures and Regional tax levy other than for inflation. This is portrayed by the graph on page 6. Third, Reserves and Reserve Funds, created to reduce financing costs and to avoid large fluctuations in the levy from year to year, have more than doubled to $8,903,000.

At the end of 1981, the Region is in a relatively favourable financial situation. In spite of program and population growth, expenditures and the tax levy have only increased at the same rate as inflation. The debt load per capita has declined while Reserves and Reserve Funds have increased. However, in view of the gloomy economic forecasts, continued caution will have to be exercised if the favourable financial position is to be maintained.

In closing, I would like to record my appreciation to the staff of the Accounting Division for their often unsung efforts during the past year.

M. GREGG
Commissioner of Finance

Five Year Financial Review

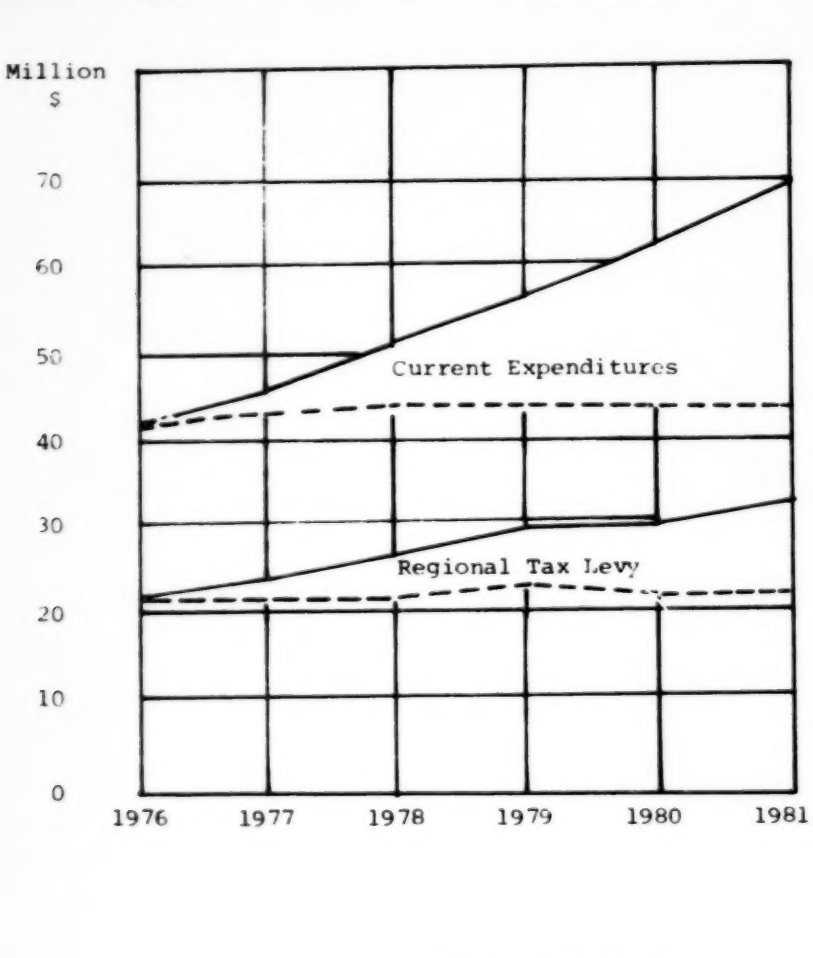
(All dollar amounts are in 000's)	1981	1980	1979	1978	1977
POPULATION	311,175	306,775	300,719	297,116	296,113
AREA, in acres	332,264	332,264	332,264	332,264	332,264
EMPLOYEES - Full Time	1,132	1,128	1,113	1,105	1,135
- Part Time	181	177	157	166	136
REVENUE					
Property Taxes	$29,285	$26,152	$26,302	$23,608	$21,912
Wholesale Water	3,709	3,345	3,285	2,880	2,657
Provincial Subsidies	31,305	27,239	24,281	21,395	18,810
User Fees & Other Revenue	5,928	5,288	3,917	3,355	3,672
	$70,227	$62,024	$57,785	$51,238	$47,051
EXPENDITURES					
Salaries & Wages	$33,004	$28,712	$25,847	$23,995	$21,441
Goods & Services	17,021	15,290	13,481	12,404	11,307
Transfers to Other Bodies	12,617	11,118	9,914	9,075	7,700
Transfers to Other Funds	5,086	5,260	4,874	3,481	2,851
Debt Charges	2,559	2,334	2,777	2,888	3,109
	$70,287	$62,714	$56,893	$51,843	$46,408
SURPLUS	$ 514	$ 574	$ 1,264	$ 372	$ 977
CAPITAL EXPENDITURE	$11,842	$ 9,994	$10,214	$ 7,643	$ 7,534
CAPITAL FINANCING					
Own Funds	$ 4,370	$ 4,538	$ 3,956	$ 4,096	$ 2,856
Debentures	-	1,658	-	1,585	745
Provincial Subsidies	4,950	4,730	4,480	2,624	2,644
Other Revenue	74	59	78	130	735
	$ 9,394	$10,985	$ 8,514	$ 8,435	$ 6,980
RESERVES & RESERVE FUND	$ 8,903	$ 7,969	$ 7,083	$ 4,598	$ 3,810

(All dollar amounts are in 000's except per capita figures)	1981	1980	1979	1978	1977
ANALYSIS OF EXPENDITURES					
General Administration	$ 5,118	$ 4,668	$ 3,148	$ 3,035	$ 2,779
Police	19,660	17,008	15,205	14,398	12,700
Conservation Authority	1,827	1,710	1,678	1,459	1,359
Emergency Measures	55	44	60	74	57
Roads & Traffic	7,631	7,732	6,873	6,634	6,175
Airport	110	100	91	83	83
Sanitary Sewers	5,192	4,628	5,707	3,379	2,896
Waterworks	4,175	3,557	3,500	3,043	2,659
Waste Management	2,245	1,996	1,836	1,906	2,031
Public Health	2,939	2,524	2,200	2,017	1,773
Hospital Debt	737	752	971	1,220	1,309
Home Care	850	654	479	449	311
Social Services	11,362	9,784	8,601	7,990	6,639
Home for the Aged	4,111	3,722	3,369	3,164	2,868
Day Nurseries	1,705	1,391	1,285	1,186	1,015
Assistance to Children	1,309	1,188	809	645	572
Rural Libraries	387	356	305	307	283
Planning & Development	567	627	549	602	619
Grants to Charitable Organizations	307	273	227	252	280
	$70,287	$62,714	$56,893	$51,843	$46,408
OUTSTANDING DEBT					
General	$ 8,491	$ 9,166	$10,025	$11,282	$12,517
Per Capita	$ 27.29	$ 29.88	$ 33.34	$ 37.97	$ 42.27
Annual Debt Charges	$ 1,811	$ 1,792	$ 2,237	$ 2,376	$ 2,525
Per Capita	$ 5.82	$ 5.84	$ 7.44	$ 8.00	$ 8.53
Waterworks & Sewage Debt	$ 4,718	$ 4,988	$ 3,624	$ 3,837	$ 3,604

Five Year Financial Review

Impact of Inflation on the Regional Tax Levy

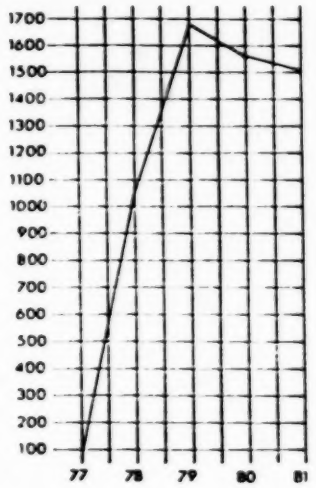
The following graph shows the growth of current expenditures and the Regional tax levy. The dotted line reflects the expenditures and levy after adjusting for inflation (constant dollars). The importance of the graph is that it reflects that in the last five years there has been very little fluctuation of total expenditures and Regional tax levy other than for inflation.



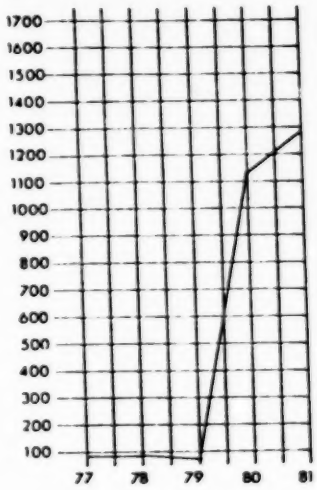
Reserve Funds

The Reserve Funds were created for a variety of individual purposes based on Council's long-range plans. Their importance is that they will provide the benefit of avoiding large fluctuations in the tax levy and the uniform sewage rate when the specific expenditure has to be met. The growth over the past five years of the individual Reserve Funds is shown on graphs below.

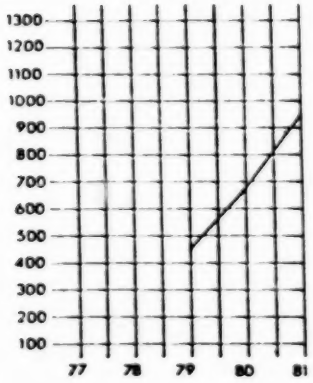
Development Charges



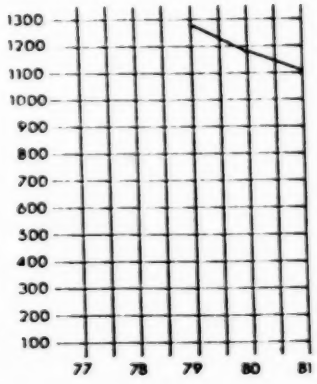
Sick Leave



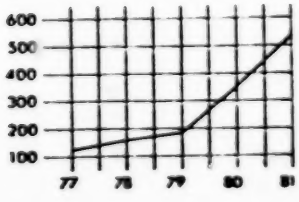
Uniform Sewage Stabilization



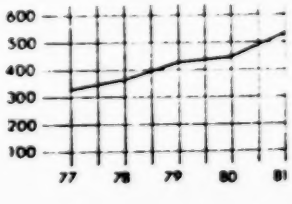
Uniform Sewage Rate Provincial Assistance



Building



Sanitary Landfill



Consolidated Financial Statements

Auditors' Report

To the Members of Council, Inhabitants and Ratepayers
of the Regional Municipality of Waterloo

We have examined the consolidated financial statements of the Regional Municipality of Waterloo for the year ended December 31, 1981 which are listed on the attached index. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Regional Municipality of Waterloo as at December 31, 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles for Ontario municipalities applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants
Licence Number: 286

Waterloo, Ontario
April 30, 1982

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Consolidated Statement of Current Operations

	1981 Budget $	1981 Actual $	1980 Actual $
Accumulated net revenue at the beginning of the year	564,000	573,860	1,264,184
Expenditures			
General government	5,400,297	5,117,613	4,668,120
Protection to persons and property	21,316,102	21,541,173	18,760,570
Transportation services	7,769,113	7,740,610	7,831,217
Environmental services	11,239,586	11,611,612	10,180,299
Health services	4,535,240	4,525,582	3,929,945
Social and family services	19,009,287	18,487,431	16,167,480
Recreation and cultural services	696,339	695,308	540,733
Planning and development	611,767	567,482	636,288
	70,577,731	70,286,811	62,714,652
Revenue			
Taxation	32,789,053	32,993,885	29,497,256
Ontario Grants	31,704,104	31,305,402	27,239,293
Other	5,520,574	5,927,674	5,287,779
	70,013,731	70,226,961	62,024,328
Accumulated net revenue at the end of the year	-	514,010	573,860
Analysed as follows:			
General revenue	-	509,540	572,050
Library	-	4,470	1,810
	-	514,010	573,860

The accompanying notes are an integral part of this financial statement.

Consolidated Statement of Capital Operations

	1981 Actual $	1980 Actual $
Unfinanced capital outlay at the beginning of the year	39,215	1,029,760
EXPENDITURE		
General government	28,782	29,212
Protection to persons and property	901,757	150
Transportation services	7,474,515	7,719,054
Environmental services	3,210,973	2,183,706
Health services	-	39,533
Social and family services	1,317	22,702
Recreation and cultural services	-	-
Planning and development	225,044	-
	11,842,388	9,994,357
FINANCING		
Contributions from the reserve fund (net)	2,237,645	2,855,587
Contributions from reserves and reserve funds (net)	2,131,954	1,682,390
Long term liabilities incurred	-	1,657,700
Ontario grants	4,950,492	4,730,319
Other	73,925	58,906
	9,394,016	10,984,902
Unfinanced capital outlay at the end of the year	2,487,587	39,215

The accompanying notes are an integral part of this financial statement.

Consolidated Balance Sheet

	1981 Actual $	1980 Actual $
Current Assets		
Cash	3,575	3,425
Accounts receivable	9,736,586	9,681,481
Other current assets	4,481,357	7,091,692
	14,221,518	16,776,598
Capital outlay to be recovered in future years	15,718,331	14,215,116
Other long term assets	1,314,436	713,828
	31,254,285	31,705,542
Liabilities		
Current Liabilities		
Temporary loans	1,613,788	3,420,554
Accounts payable and accrued liabilities	6,445,095	5,243,586
Other current liabilities	635,523	413,444
	8,694,406	9,077,584
Net long term liabilities	13,143,198	14,084,806
Reserves and reserve funds	8,902,671	7,969,292
Accumulated net revenue (deficit) and unapplied capital receipts	514,010	573,860
	31,254,285	31,705,542

The accompanying notes are an integral part of this financial statement.

Notes to Consolidated Financial Statements

1. Accounting Policies

In accordance with practices common to Ontario municipalities the municipality follows the fund basis of accounting and employs a revenue (current operations) fund, capital fund and reserve funds. Within the framework of the fund basis of accounting, the municipality maintains its accounts on an accrual basis except where modification of such basis is consistent with practices employed by Ontario municipalities whose revenues are raised only to meet their current expenditures. Modifications of the accrual basis employed by the municipality are as follows:

(i) debt retirement costs are charged against operations in the periods in which they are payable.

(ii) cost of sick leave and vacation benefits are charged against operations on a cash basis except any amount against which a reserve is provided.

(a) STATEMENT OF REVENUE AND EXPENDITURE

This statement reflects the revenue and expenditures of the revenue fund of the municipality and includes the activities of all committees of council, including the waterworks, the Waterloo Regional Board of Commissioners of Police and the Regional Library.

(b) STATEMENT OF CAPITAL OPERATIONS

This statement reflects the capital expenditures of the municipality to be recovered from the general municipal revenue of the municipality and its local board and the waterworks as described in note 1(a).

In addition to the net long term liabilities incurred and reported on this statement, the municipality also issued long term liabilities on behalf of its area municipalities. Repayment of this debt will be made by the respective area municipalities.

(c) BALANCE SHEET

This statement reflects the assets and liabilities of the revenue fund, the capital fund, reserve funds, local board, the waterworks and the Regional Library as described in note 1(a).

(d) FIXED ASSETS

The historical cost and accumulated depreciation of fixed assets is not reported for municipal purposes. Instead the "Capital outlay to be recovered in future years" which is the aggregate of the principal portion of unmatured long term liabilities, capital funds transferred to other organizations, and the cost of capital projects not yet permanently financed is reported on the Balance Sheet.

(e) TRUST FUNDS

Trust funds administered by the municipality amounting to $773,638 are only reflected in the Trust Funds Statement of Continuity and Balance Sheet.

2. Capital Outlay to be Recovered in Future Years

(a) Some capital outlay to be recovered in future years does not represent a burden on general municipal revenues, as it is to be recovered in future years from other sources:

	1981	1980
Waterworks system	$3,938,533	$4,182,860
Sanitary sewer system	779,861	805,418
	$4,718,394	$4,988,278

(b) Capital outlays, including fixed assets and the transfers of capital funds in the amount of $2,263,959 which have been financed from general municipal revenues of the current year, are reported on the Statement of Revenue and Expenditure.

3. Reserve Funds

During the year, $1,525,576 (1980 - $914,808) was credited directly to reserve funds without being recorded as revenues and expenditures of the revenue fund. Major sources were:

	1981	1980
Income from investment	$ 776,879	$527,703
Subdivider and developer contributions	748,697	387,105
	$1,525,576	$914,808

4. Net Long Term Liabilities

(a) The balance for net long term liabilities reported on the Balance Sheet is made up of the following:

Total long term liabilities incurred by the municipality including those incurred on behalf of other municipalities and the waterworks and outstanding at the end of the year amount to	$ 33,075,840
In addition, the municipality has assumed responsibility for the payment of principal and interest charges on certain long term liabilities issued by other municipalities. At the end of the year, the principal amount of this liability is	4,712,434
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by others for a principal amount of	(23,672,915)

The total value of sinking funds and the balance in the Ministry of the Environment Debt Retirement Fund which have been accumulated to the end of the year to retire the outstanding long term liabilities included above, amount to	(906,161)
Long term liabilities issued by the municipality and held by reserve funds as investments, amount to	(66,000)
Net long term liabilities at the end of the year	$ 13,143,198

(b) Included in "Net long term liabilities" on the Balance Sheet is an amount of $2,192,000 payable in U.S. dollars and converted into Canadian dollars at the rate prevailing when the liability was incurred. If the liability is converted into Canadian dollars at the exchange rate prevailing at December 31st, the liability would be increased by $424,152.

5. Charges for Net Long Term Liabilities

Total charges for the year for net long term liabilities were as follows:

	1981	1980
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	$1,162,606	$1,089,880
Interest	1,396,697	1,243,653
	$2,559,303	$2,333,533

The above were paid from the following revenues:

	1981	1980
General municipal revenues	$1,810,860	$1,864,669
Waterworks revenues	645,830	446,011
Sewage revenues	102,613	22,853
	$2,559,303	$2,333,533

6. Contracts, Commitments and Contingent Liabilities

(a) LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to $4,974,577 at the end of the year. An amount of $1,273,423 has been provided for this past service liability and is reported on the "Balance Sheet."

(b) LIABILITY FOR VACATION PAY

Vacation pay costs are recorded in the year paid. The unrecorded accrued vacation pay costs at December 31, 1981 approximated $1,388,000.

(c) PAST SERVICE PROVISION OF PENSION AGREEMENTS

Under the past service provision of pension agreements, the municipality is obligated at December 31, 1981, for an amount of approximately $7,106,592 as established for the plans. Amounts funded and included in current expenditures amounted to $632,658 in 1981 ($632,658 in 1980). The amounts that will be funded in the future years are summarized below:

$485,304 in each of the years 1982 to 1992
$147,354 in each of the years 1982 to 1993

(d) MR. SYDNEY BROWN

Judgment is reserved in the lawsuit brought by Sydney Brown against the Waterloo Regional Board of Commissioners of Police. The $150,000 claim is for damages and for adjustment to salary and benefits. It is not possible to assess the outcome with any certainty.

(e) METHANE GAS

The Region is one of four defendants in an action in which the plaintiffs are claiming damages of $2,200,000 for negligence and nuisance allegedly caused by the escape of methane gas from a former Kitchener landfill site and adjacent lands. The Region considers its liability, if any, to be adequately covered by insurance, however, the insurer is defending this action under a non-waiver agreement wherein the insurer has reserved the right to dispute coverage at a later date.

(f) 1979 FLOOD CLAIM

The Region is one of four defendants in an action in which the plaintiff is claiming damages in the amount of $135,000 allegedly caused by a flood which occurred on or about March 30, 1979. The Region and legal counsel are of the opinion that any liability which may result from this matter is adequately covered by insurance.

(g) OTHER CONTINGENT LIABILITIES

There are two unresolved claims for injurious affection in regard to work done on Lancaster and Victoria Streets in 1981. One claim is for $30,000. The amount of the other claim has not been specified. Any Regional liability would be eligible for subsidy from the Province under the Public Transportation and Highway Improvement Act.

A ruling is expected from the Land Compensation Board regarding a $90,000 compensation claim for business loss in relation to a 1977 expropriation to complete the Concession Street Bridge in Cambridge. Any award will be eligible for subsidy under the Public Transportation and Highway Improvement Act.

A writ for damages has been issued against officials of the Waterloo Regional Police Commission for inducing a breach of, or less beneficial performance of, a contract by unlawful means. The Region is of the opinion that any liability which may result from this matter is adequately covered by insurance.

(h) LEASE COMMITMENTS

In 1982, the Region is responsible for lease commitments of approximately $494,000 relating to landfill equipment and Regional offices.

Trust Fund

STATEMENT OF CONTINUITY	TOTAL $
Balance, January 1, 1981	677,813
RECEIPTS	
Residents	15,546
Interest earned	83,724
Other revenue	11,553
	110,823
EXPENDITURES	
Purchases	14,998
Balance, December 31, 1981	773,638

BALANCE SHEET

ASSETS	
Cash	14,723
Term deposits	758,915
	773,638
LIABILITIES	
Balance - capital	759,915
- income	13,723
	773,638

The accompanying notes are an integral part of this financial statement.

Reserves & Reserve Funds

Statement of Continuity

	1981 Actual $	1980 Actual $
Balance, January 1, 1981	7,969,292	7,083,453
Revenue		
Contributions from the revenue fund	1,614,667	2,748,667
Contributions from developers	748,697	387,105
Contributions from waterworks revenue	1,208,111	980,769
Contributions from sewage rate reserve fund	1,183,026	-
Interest earned	776,879	527,703
Other	83,112	12,181
	5,614,492	4,656,425
Expenditures		
Transfers to the capital fund	2,205,879	1,693,296
Transfers to the revenue fund	1,292,208	1,261,492
Transfers to sewage Prov. assist. reserve fund	1,183,026	-
Fleet maintenance	-	815,498
Other	-	300
	4,681,113	3,770,586
Balance, December 31, 1981	8,902,671	7,969,292

Analysis of Year-End Position

Reserves

Working Funds	487,070	487,070
Water Capital	1,667,144	1,371,451
Equipment	715,616	658,807
Other	60,475	51,288
	2,930,305	2,568,616

Reserve Funds

Development Charges	1,513,994	1,551,644
Sewage Rate Stabilization	920,993	686,065
Sewage Provincial Assistance	1,106,362	1,183,026
Building	536,217	340,218
Sanitary Landfill	523,754	451,512
Sick Leave	1,273,423	1,103,823
Other	97,623	84,388
	5,972,366	5,400,676
The accompanying notes are an integral part of this financial statement.	8,902,671	7,969,292

1982 Annual Financial Report

of The Regional Municipality of Waterloo

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Members of Finance Committee 1982

CHAIRMAN

Councillor Don Travers

MEMBERS

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Regional Services

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Waterloo-Wellington Airport

Treasurers' Report

I am pleased to present the Annual Financial Report of the Regional Municipality of Waterloo for 1982.

The following two pages are a financial review of the past five years. It provides a great deal of important information. Some figures in the review reflect the results of policies adopted by past and present Councils while other figures indicate the shifts in spending priorities brought about in a large degree by the economic realities of recent years. The following is an overview of the most significant items contained in the report.

The section entitled Analysis of Expenditures indicates a trend of Social Services and Health Care taking a greater percentage of the tax dollar and Engineering services taking a smaller percentage of the tax dollar while Policing costs have remained constant. The primary reason for the change in expenditure priorities has been the recession. The most obvious example of its result is in the Social Service area which has recorded the largest spending increase as growing numbers of unemployed people seek assistance. On the opposite side of the coin, but to a small extent, the rate of spending on Engineering services has slowed down because of low growth in industry and housing in the Region.

On the Revenue side, while taxes and subsidies have generally followed the increase in expenditures, user fees have almost doubled as a result of Council's more aggressive policy on charging the direct user.

The Reserves and Reserve Funds have more than doubled in the past five years to $9,479,000. They were created for a variety of specific purposes based on Council's long-range plans. Their importance is that they will provide the benefit of avoiding large fluctuations in the tax levy, sewage or water rates when the specific expenditure has to be met.

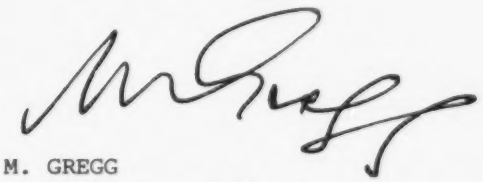
The Outstanding Debt reflects borrowing policies of Council. For other than major capital items, policy has been to pay-as-you-go and consequently the outstanding debt and debt charges to be met each year has remained relatively stable and has not added an undue burden to the tax levy or user rates.

The 1982 Consolidated Financial Statements and Auditors' Report are contained in pages 8 to 18. The most significant items reflected in the statements are that despite a large increase in welfare expenditures, total net expenditures remained well within budget enabling the Region to end the year with a $726,000 surplus. Also during the year some stability returned to the bond market permitting the Region to make two public debenture offerings totalling $16,982,835 on behalf of itself, the school board and the area municipalities. These were well received by the investment community. The major capital expenditures by the Region in 1982, aside from the usual roads construction figure, were the construction of the new Cambridge Police Detachment building, a computer-aided dispatch and information retrieval system (P.R.I.D.E.) for the police which is a joint venture with the Cities of Guelph, Brantford and Stratford, and, in the Engineering area, a computer-aided traffic signal system.

For further comment on the 1982 financial activity attention is drawn to the Notes to the Financial Statements.

Economic forecasts are currently much brighter than they were one year ago signalling the beginning of a recovery from the recession. In the longer term, increased construction activity, lower interest rates and lower unemployment statistics will all be of benefit to the Region. However, given the current record welfare rolls and the very tight budgets set in other departments to accommodate the welfare caseload, continued vigilance will be necessary in 1983.

In closing I would like to record my appreciation to the staff of the Accounting Division for their continued high level of support during the past year.



M. GREGG
Commissioner of Finance

Five Year Financial Review

(All dollar amounts are in 000's)	1982	1981	1980	1979	1978
POPULATION	311,199	311,175	306,775	300,719	297,116
AREA in acres	332,264	332,264	332,264	332,264	332,264
EMPLOYEES - Full Time	1,162	1,132	1,128	1,113	1,105
- Part Time	192	181	177	157	166
REVENUE					
Property Taxes	$34,973	$29,285	$26,152	$26,302	$23,608
Wholesale Water	4,106	3,709	3,345	3,285	2,880
Provincial Subsidies	35,264	31,305	27,239	24,281	21,395
User Fees & Other Revenue	6,398	5,928	5,288	3,917	3,355
	$80,741	$70,227	$62,024	$57,785	$51,238
EXPENDITURES					
Salaries & Wages	$37,540	$33,004	$28,712	$25,847	$23,995
Goods & Services	19,635	17,021	15,290	13,481	12,404
Transfers to Other Bodies	15,468	12,617	11,118	9,914	9,075
Transfers to Other Funds	5,187	5,086	5,260	4,874	3,481
Debt Charges	2,699	2,559	2,334	2,777	2,888
	$80,529	$70,287	$62,714	$56,893	$51,843
SURPLUS	$ 726	$ 514	$ 574	$ 1,264	$ 372
CAPITAL EXPENDITURE	$12,336	$11,842	$ 9,994	$10,214	$ 7,643
CAPITAL FINANCING					
Own Funds	$ 4,648	$ 4,370	$ 4,538	$ 3,956	$ 4,096
Debentures	5,715	-	1,658	-	1,585
Provincial Subsidies	4,103	4,950	4,730	4,480	2,624
Other Revenue	173	74	59	78	130
	$14,639	$ 9,394	$10,985	$ 8,514	$ 8,435
RESERVES & RESERVE FUND	$ 9,479	$ 8,903	$ 7,969	$ 7,083	$ 4,598

(All dollar amounts are in 000's except per capita figures)	1982	1981	1980	1979	1978
ANALYSIS OF EXPENDITURES					
General Administration	(1)$ 6,054	$ 5,118	$ 4,668	$ 3,148	$ 3,035
Police	22,303	19,660	17,008	15,205	14,398
Conservation Authority	2,006	1,827	1,710	1,678	1,459
Emergency Measures	37	55	44	60	74
Roads & Traffic	8,426	7,631	7,732	6,873	6,634
Airport	103	110	100	91	83
Sanitary Sewers	5,583	5,192	4,628	5,707	3,379
Waterworks	4,366	4,175	3,557	3,500	3,043
Waste Management	2,576	2,245	1,996	1,836	1,906
Public Health	3,314	2,939	2,524	2,200	2,017
Hospital Debt	721	737	752	971	1,220
Home Care	930	850	654	479	449
Social Services	14,743	11,362	9,784	8,601	7,990
Home for the Aged	4,851	4,111	3,722	3,369	3,164
Day Nurseries	1,918	1,705	1,391	1,285	1,186
Assistance to Children	1,106	1,309	1,188	809	645
Rural Libraries	430	387	356	305	307
Planning & Development	684	567	627	549	602
Grants to Charitable Organizations	378	307	273	227	252
	$80,529	$70,287	$62,714	$56,893	$51,843
OUTSTANDING DEBT					
General	$12,632	$ 8,491	$ 9,166	$10,025	$11,282
Per Capita	$ 40.59	$ 27.29	$ 29.88	$ 33.34	$ 37.97
Annual Debt Charges	$ 1,897	$ 1,811	$ 1,792	$ 2,237	$ 2,376
Per Capita	$ 6.10	$ 5.82	$ 5.84	$ 7.44	$ 8.00
Waterworks & Sewage Debt	$ 5,045	$ 4,718	$ 4,988	$ 3,624	$ 3,837

(1) Includes $331,000 of 100% Provincially funded work incentive projects

Analysis of a 1982 Regional Tax Bill

Property taxes include a portion for Regional services. The proportion varies from municipality to municipality, but in 1982 the average Regional portion was 17.1%. On a $1,000 property tax bill $171 would have been used to provide Regional services as follows:

	$
Police Services	75.58
Regional Roads System	23.77
Social Services	15.56
General and Financial	15.37
Conservation	9.16
Landfill Sites and Pollution Control	5.27
Children in Care	4.33
Health Services	3.57
Hospital Debt	3.30
Regional Planning	3.04
Home for the Aged	1.88
Voluntary Agency Grants	1.73
Day Care Services	1.39
Township Libraries	1.30
911 Emergency Telephone Network	.80
Waterloo-Wellington Airport	.48
Buildings and Property	.31
Emergency Measures	.07
Surplus	4.09
	171.00

Consolidated Financial Statements

Auditors' Report

To the Members of Council, Inhabitants and Ratepayers
of the Regional Municipality of Waterloo

We have examined the consolidated financial statements of the Regional Municipality of Waterloo for the year ended December 31, 1982 which are listed on the attached index. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Regional Municipality of Waterloo as at December 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles for Ontario municipalities applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants
Licence Number: 531

Waterloo, Ontario
April 29, 1983

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Consolidated Statement of Current Operations

	1982 Budget $	1982 Actual $	1981 Actual $
Accumulated net revenue at the beginning of the year	480,000	514,010	573,860
EXPENDITURES			
General government	5,996,962	6,054,341	5,117,613
Protection to persons and property	24,797,520	24,345,707	21,541,173
Transportation services	8,636,229	8,528,511	7,740,610
Environmental services	12,892,829	12,525,156	11,611,612
Health services	5,251,941	4,965,781	4,525,582
Social and family services	20,823,866	22,617,020	18,487,431
Recreation and cultural services	798,155	808,040	695,308
Planning and development	663,177	684,209	567,482
	79,860,679	80,528,765	70,286,811
REVENUE			
Taxation	39,308,932	39,079,173	32,993,885
Ontario Grants	34,046,887	35,263,941	31,305,402
Other	6,024,860	6,397,559	5,927,674
	79,380,679	80,740,673	70,226,961
Accumulated net revenue at the end of the year	-	725,918	514,010
Analysed as follows:			
General revenue	-	714,525	509,540
Library	-	11,393	4,470
	-	725,918	514,010

The accompanying notes are an integral part of this financial statement.

Consolidated Statement of Capital Operations

	1982 Actual $	1981 Actual $
Unfinanced capital outlay at the beginning of the year	2,487,587	39,215
EXPENDITURE		
General government	300,805	28,782
Protection to persons and property	3,006,448	901,757
Transportation services	5,932,484	7,474,515
Environmental services	2,996,371	3,210,973
Health services	-	-
Social and family services	91,624	1,317
Recreation and cultural services	-	-
Planning and development	7,795	225,044
	12,335,527	11,842,388
FINANCING		
Contributions from the revenue fund (net)	2,003,119	2,237,645
Contributions from reserves and reserve funds (net)	2,636,292	2,131,954
Long term liabilities incurred	5,715,000	-
Ontario grants	4,103,204	4,950,492
Other	172,535	73,925
	14,630,150	9,394,016
Unfinanced capital outlay at the end of the year	192,964	2,487,587

The accompanying notes are an integral part of this financial statement.

Consolidated Balance Sheet

	1982 Actual $	1981 Actual $
CURRENT ASSETS		
Cash	3,550	3,575
Accounts receivable	9,481,921	9,736,586
Other current assets	6,592,490	4,481,357
	16,077,961	14,221,518
Capital outlay to be recovered in future years	18,677,406	15,723,784
Other long term assets	1,892,035	1,314,436
	36,647,402	31,259,738
LIABILITIES		
CURRENT LIABILITIES		
Temporary loans	1,319,279	1,613,788
Accounts payable and accrued liabilities	6,221,551	6,445,095
Other current liabilities	518,659	635,523
	8,059,489	8,694,406
Net long term liabilities	17,596,730	13,143,198
Reserves and reserve funds	9,478,885	8,902,671
Accumulated net revenue (deficit) and unapplied capital receipts	1,512,298	519,463
	36,647,402	31,259,738

The accompanying notes are an integral part of this financial statement.

Notes to Consolidated Financial Statements

1. Accounting Policies

In accordance with practices common to Ontario municipalities the municipality follows the fund basis of accounting and employs a revenue (current operations) fund, capital fund and reserve funds. Within the framework of the fund basis of accounting, the municipality maintains its accounts on an accrual basis except where modification of such basis is consistent with practices employed by Ontario municipalities whose revenues are raised only to meet their current expenditures. Modifications of the accrual basis employed by the municipality are as follows:

(i) debt retirement costs are charged against operations in the periods in which they are payable.

(ii) cost of sick leave and vacation benefits are charged against operations on a cash basis except any amount against which a reserve is provided.

(a) STATEMENT OF REVENUE AND EXPENDITURE

This statement reflects the revenue and expenditures of the revenue fund of the municipality and includes the activities of all committees of council, including the waterworks, the Waterloo Regional Board of Commissioners of Police and the Regional Library.

(b) STATEMENT OF CAPITAL OPERATIONS

This statement reflects the capital expenditures of the municipality to be recovered from the general municipal revenue of the municipality and its local board and the waterworks as described in note 1(a).

In addition to the net long term liabilities incurred and reported on this statement, the municipality also issued long term liabilities on behalf of its area municipalities. Repayment of this debt will be made by the respective area municipalities.

(c) BALANCE SHEET

This statement reflects the assets and liabilities of the revenue fund, the capital fund, reserve funds, local board, the waterworks and the Regional Library as described in note 1(a).

(d) FIXED ASSETS

The historical cost and accumulated depreciation of fixed assets is not reported for municipal purposes. Instead the "Capital outlay to be recovered in future years" which is the aggregate of the principal portion of unmatured long term liabilities, capital funds transferred to other organizations, and the cost of capital projects not yet permanently financed is reported on the Balance Sheet.

(e) TRUST FUNDS

Trust funds administered by the municipality amounting to $793,455 are only reflected in the Trust Funds Statement of Continuity and Balance Sheet.

2. Capital Outlay to be Recovered in Future Years

(a) Some capital outlay to be recovered in future years does not represent a burden on general municipal revenues, as it is to be recovered in future years from other sources:

	1982	1981
Waterworks system	$3,704,578	$3,938,533
Sanitary sewer systems	1,340,513	779,861
	$5,045,091	$4,718,394

(b) Capital outlays, including fixed assets and the transfers of capital funds in the amount of $2,003,119 which have been financed from general municipal revenues of the current year, are reported on the Statement of Revenue and Expenditure.

3. Reserve Funds

During the year, $1,396,021 (1981 - $1,525,576) was credited directly to reserve funds without being recorded as revenues and expenditures of the revenue fund. Major sources were:

	1982	1981
Income from investment	$ 694,532	$ 776,879
Subdivider and developer contributions	701,489	748,697
	$1,396,021	$1,525,576

4. Net Long Term Liabilities

(a) The balance for net long term liabilities reported on the Balance Sheet is made up of the following:

Total long term liabilities incurred by the municipality including those incurred on behalf of other municipalities and the waterworks and outstanding at the end of the year amount to	$ 46,905,043
In addition, the municipality has assumed responsibility for the payment of principal and interest charges on certain long term liabilities issued by other municipalities. At the end of the year, the principal amount of this liability is	3,746,289
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by others for a principal amount of	(32,195,508)

The total value of sinking funds and the balance in the Ministry of the Environment Debt Retirement Fund which have been accumulated to the end of the year to retire the outstanding long term liabilities included above, amount to	(779,309)
Long term liabilities issued by the municipality and held by reserve funds as investments, amount to	(79,785)
Net long term liabilities at the end of the year	$ 17,596,730

(b) Included in "Net long term liabilities" on the Balance Sheet is an amount of $1,963,000 payable in U.S. dollars and converted into Canadian dollars at the rate prevailing when the liability was incurred. If the liability is converted into Canadian dollars at the exchange rate prevailing at December 31st, the liability would be increased by $477,991.

5. Charges for Net Long Term Liabilities

Total charges for the year for the net long term liabilities were as follows:

	1982	1981
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	$1,216,596	$1,162,606
Interest	1,482,287	1,396,697
	$2,698,883	$2,559,303

The above were paid from the following revenues:

	1982	1981
General municipal revenues	$1,897,499	$1,810,860
Waterworks revenues	645,638	645,830
Sewage revenues	155,746	102,613
	$2,698,883	$2,559,303

6. Contracts, Commitments and Contingent Liabilities

(a) LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to $5,894,194 at the end of the year. An amount of $1,442,288 has been provided for this past service liability and is reported on the "Balance Sheet."

(b) LIABILITY FOR VACATION PAY

Vacation pay costs are recorded in the year paid. The unrecorded accrued vacation pay costs at December 31, 1982 approximated $2,456,362.

(c) PAST SERVICE PROVISION OF PENSION AGREEMENTS

Under the past service provision of pension agreements, the municipality is obligated at December 31, 1982, for an amount of approximately $6,473,749 as established for the plans. Amounts funded and included in current expenditures amounted to $632,658 in 1982 ($632,658 in 1981). The amounts that will be funded in the future are summarized below:

$485,304 in each of the years 1983 to 1992
$147,354 in each of the years 1983 to 1993

(d) MR. SYDNEY BROWN

An appeal is pending in the Supreme Court decision of the lawsuit brought by Sydney Brown against the Waterloo Regional Board of Commissioners of Police. The plaintiff was awarded $42,512.50 back pay and $6,741.50 for interest thereon plus $10,000.00 for mental suffering. It is not possible to assess the outcome of the appeal with any certainty.

(e) METHANE GAS

The Region is one of four defendants in an action in which the plaintiffs are claiming damages of $2,200,000 for negligence and nuisance allegedly caused by the escape of methane gas from a former Kitchener landfill site and adjacent lands. The Region considers its liability, if any, to be adequately covered by insurance, however, the insurer is defending this action under a non-waiver agreement wherein the insurer has reserved the right to dispute coverage at a later date.

(f) 1979 FLOOD CLAIM

The Region is one of four defendants in an action in which the plaintiff is claiming damages in the amount of $135,000 allegedly caused by a flood which occurred on or about March 30, 1979. The Region and legal counsel are of the opinion that any liability which may result from this matter is adequately covered by insurance.

(g) LEASE COMMITMENTS

In 1983, the Region is responsible for lease commitments of approximately $527,000 relating to landfill equipment and Regional offices. The leases have varying maturities the last of which matures in 1987.

Trust Fund

STATEMENT OF CONTINUITY	TOTAL $
Balance, January 1, 1982	773,638
RECEIPTS	
Residents	(66,717)
Interest earned	90,904
Other revenue	16,496
	40,683
EXPENDITURES	
Purchases	20,866
Balance, December 31, 1982	793,455
BALANCE SHEET	
ASSETS	
Cash	93,455
Term deposits	700,000
	793,455
LIABILITIES	
Balance - capital	782,888
- income	10,567
	793,455

The accompanying notes are an integral part of this financial statement.

Reserves & Reserve Funds

Statement of Continuity	1982 Actual $	1981 Actual $
Balance, January 1, 1982	8,902,671	7,969,292
Revenue		
Contributions from the revenue fund	1,975,635	1,614,667
Contributions from developers	701,489	748,697
Contributions from waterworks revenue	1,208,465	1,208,111
Contributions from sewage rate reserve fund	-	1,183,026
Interest earned	694,532	776,879
Other	17,741	83,112
	4,597,862	5,614,492
Expenditures		
Transfers to the capital fund	2,645,286	2,205,879
Transfers to the revenue fund	1,376,361	1,292,208
Transfers to sewage Prov. assist. reserve fund	-	1,183,026
Other	-	-
	4,021,647	4,681,113
Balance, December 31, 1982	9,478,886	8,902,671
Analysis of Year-End Position		
Reserves		
Working Funds	487,070	487,070
Water Capital	1,175,086	1,667,144
Equipment	962,694	715,616
Other	51,504	60,475
	2,676,354	2,930,305
Reserve Funds		
Development Charges	1,708,189	1,513,994
Sewage Rate Stabilization	1,110,451	920,993
Sewage Provincial Assistance	1,028,450	1,106,362
Building	759,465	536,217
Sanitary Landfill	664,499	523,754
Sick Leave	1,442,288	1,273,423
Other	89,190	97,623
	6,802,532	5,972,366
	9,478,886	8,902,671

The accompanying notes are an integral